

Overview of Capital Improvement Program Process

The Capital Improvement Program is a multiyear plan for capital expenditures needed to replace, expand and improve infrastructure and systems. The preliminary Capital Improvement Program was reviewed by the City Council on April 15, 2003. The preliminary program was then adjusted for projects that carried over from 2002-03 to 2003-04 and for other miscellaneous program modifications before it was submitted to the City Council for adoption in June.

2003-08 Capital Improvement Program Development

The annual Capital Improvement Program update process began in January when departments submitted their revised 2002-03 estimates and their updated five-year preliminary capital improvement programs. Revised 2002-03 estimates reflect updated construction estimates, project delays, awarded contract amounts, project carry-overs and any other program changes. The updated five-year program includes projects planned for authorized bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other funding sources. Budget and Research staff reviewed the departments' revised programs for funding availability, reasonableness and technical accuracy. This program also reflects adopted multiyear plans such as the five-year Arterial Streets Plan, multiyear rate forecasts for the enterprise funds and the voter-approved 2001 Bond Program.



In conjunction with the CIP process, the Engineering and Architectural Services Department works with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the City has reduced construction costs and increased project quality by making better use of construction resources. The City has also achieved lower bid prices and increased competition for City projects by avoiding busy periods for the construction industry.

2001 Citizens' Bond Committee Program

Voter-approved bond authorizations are a major funding source for the general government portion of the Capital Improvement Program. In August 2000, a Citizens' Bond Committee was appointed by the City Council to develop a recommended program to take to the voters. Nearly 300 citizen members served on various bond subcommittees. The residents reviewed the City's capacity to service new property tax-supported debt in addition to unmet capital facility needs identified by City departments and the ongoing costs of operating these facilities.

Through the work of ten service-related bond subcommittees, the Citizens' Bond Committee recommended a detailed capital program to the City Council. This \$753.9 million recommended program assumed a relatively level schedule of bond fund programming that would not require an increase in the City's combined property tax rate of \$1.82 per \$100 of assessed valuation. The voters approved the entire \$753.9 million recommended program. Improvements in the following areas are reflected in the 2003-08 Capital Improvement Program.

- Police Protection Facilities and Equipment
- Police, Fire and City Computer Technology
- Environmental Improvements and Clean-up
- Parks, Open Space and Recreational Facilities
- Educational, Youth and Cultural Facilities
- Library Facilities
- Fire Protection Facilities and Equipment
- Neighborhood Protection and Senior Centers
- Affordable Housing and Homeless Shelter
- Storm Sewers
- Street Improvements



It has been the City's practice to require ongoing community oversight of property tax-funded bond programs. The 2001 Citizens' Bond Committee has recommended this practice be continued and that this oversight include an annual review of the Capital Improvement Program, an annual review and update of actual assessed valuation results compared to the forecast and an annual review of any changes to the program. Finally, the Bond Committee expressed an interest in looking for efficiencies as the bond program progresses by using concepts such as value engineering.

The committee met on Jan. 9, 2003 to review and recommend approval of the 2001 Bond-funded portion of the 2003-08 Capital Improvement Program. Their review included changes to defer projects to minimize new capital facilities cost in the 2003-04 fiscal year and to advance projects with no new operating costs where feasible. Major changes from that review include:

- Delay in Fire Station 54, Desert View Northeast Branch Library, Homestead Park, Kuban Park, and Stabilize Telephone System to defer operating costs.
- Advance Historic Preservation Exterior Rehabilitation, Historic Preservation Tovrea Castle, Neighborhood Preservation/Improvement Misc. Park Land Acquisitions and Renovations, and Family Advocacy Center Land Acquisition.
- Eliminate Rapid Suspect Identification project. Funds will be used for MDT replacement.

Parks and Preserves Funds

In September 1999, the voters approved a one-tenth of 1 percent sales tax to purchase state trust lands for the Sonoran Desert Preserve and for the development and improvement of regional and neighborhood parks. The 2003-08 Capital Improvement Program includes \$170.1 million of these funds, which are programmed for nine regional parks, community and neighborhood parks and Sonoran Preserve land acquisition. Land acquisition has been programmed to take advantage of state grant funding opportunities.

Transit 2000 Funds

The voters approved Proposition 2000 on March 14, 2000. This initiative authorized a four-tenths of one percent sales tax to implement the Transit 2000 plan. The 2003-08 Capital Improvement Program includes \$369.3 million of these funds, which are programmed for additional buses for expanded regular, express and Dial-a-Ride service (\$11.8 million); new and expanded passenger and maintenance facilities (\$62.7 million); bus pullouts, left-turn arrows and bicycle lanes (\$13.0 million); rail, bus rapid transit and other facilities (\$274.6 million) and contingencies (\$7.2 million).

Capital Construction Funds


The Capital Construction fund was established in 1998-99 and provides about \$20 million each year for critical infrastructure improvements in the right-of-way. Community input from a series of public meetings supported using these funds for neighborhood street rehabilitation, sidewalks and wheelchair ramps, traffic safety and traffic calming projects and neighborhood traffic mitigation projects.

Funds will be programmed in these project categories for each year of the Capital Improvement Program. Individual projects will be determined during the first year of the program based on traffic engineering data and neighborhood input.

Programming of Development Impact Fees

In 1987, the City Council adopted an ordinance requiring new development in the City's peripheral planning areas to pay its proportionate share of the costs associated with providing public infrastructure. Development impact fee collections initially progressed slowly because of a slowdown in construction in the late 1980s and early 1990s. However, over time development impact fee collections have become more significant. The 2003-08 Capital Improvement Program includes \$52.9 million in development impact fee-funded projects.

Development impact fees collected for a specific peripheral planning area must be expended for capital infrastructure in that area and are not available for any other use. In addition, development impact fee-funded projects must directly benefit the parties that paid the fees. Budget and Research staff have worked with Planning and operating department staff to program development impact fee funds appropriately in the 2003-08 Capital Improvement Program. Additional development impact fees will be programmed in future capital improvement programs as these fees are collected.



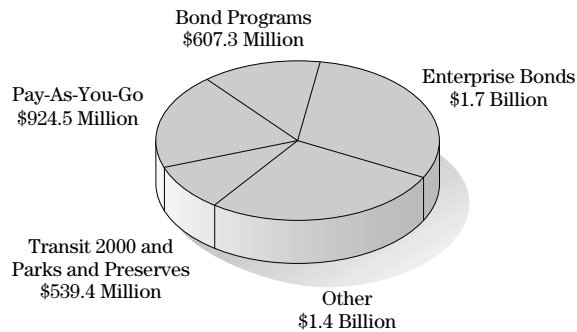
2003-08 Capital Improvement Program Highlights

The Capital Improvement Program (CIP) totals \$5.2 billion over the next five years. As shown in the pie chart to the right, funding for the 2003-08 program comes from five main sources: \$607.3 million in 1988, 1989 and 2001 voter-approved bond funds, \$924.5 million in pay-as-you-go operating funds, \$1.7 billion in various enterprise bonds, \$539.4 million in Transit 2000 and Parks and Preserve Initiative funds, and \$1.4 billion in other funds. This \$1.4 billion in other funds includes \$649.2 million in lease-purchase financing, \$279.1 million in passenger facility charges, \$212.8 million in capital grants, \$175.8 million in payments by other cities and agencies for participating in projects in programs such as Water, Wastewater and Information Technology, \$52.9 million in development impact fees and \$8.3 million in Solid Waste remediation funding.

As shown on the table on page 169, projects included in the 2003-04 Capital Improvement Program total \$2.1 billion and are funded from pay-as-you go operating funds (\$362.9 million), bond funds (\$891.4 million) and other capital financing (\$801.7 million).

A brief overview of the five-year plan for each program follows. The two schedules preceding this section summarize the five-year CIP by program and by source of funds.

**2003-08 Preliminary Capital Improvement Program
Sources of Funds**



Arts and Cultural Facilities

The \$32.1 million Arts and Cultural Facilities program is funded with 2001 bonds and includes the following projects.

- Expansion of the Phoenix Theater
- Renovation of the Carver Museum and Cultural Center
- Expansion of the Phoenix Art Museum
- Expansion of the Museo Chicano
- Expansion of the Arizona Science Center
- Facility acquisition and renovation for the Phoenix Family Museum
- Expansion of the Phoenix Museum of History

Aviation

The Aviation program totals \$793.7 million. This program includes improvements at Sky Harbor International Airport and the two satellite airports, Goodyear and Deer Valley. The Aviation program is funded with Aviation operating revenue, federal grant funds, Aviation nonprofit corporation bonds, and Passenger Facility Charge funds.

Improvements planned for Sky Harbor International Airport include the following major projects:

- Construction of a consolidated rental car facility
- Upgrade and improve Security Master Plan
- Design new concourse at Terminal 4
- Soundproof homes near Sky Harbor International Airport and other noise mitigation projects
- Design of an airport people mover system
- Improve access to the Air Cargo Complex

- Acquisition of land for future airport expansion
- Install common cabling system at Sky Harbor International Airport
- Refurbish Terminal 2
- Overlay taxiways
- Clean-up fueling sites at Sky Harbor International Airport
- Upgrade fire alarm systems at Terminals 2 and 3
- Rebuild south runway
- Install new flight and baggage information display system
- Upgrade the Aviation Radio System
- Replace escalators at Terminal 3

The Aviation program also includes constructing a new electrical vault at Goodyear airport.

Civic Plaza

The \$601.0 million Civic Plaza program, which also includes Symphony Hall and Patriot's Square Garage, is funded with Civic Plaza operating revenue, Civic Plaza nonprofit corporation bonds, 2001 bonds, and General funds plus potential funding for the Civic Plaza expansion. This potential funding is still awaiting legislative approval.

In addition to the currently proposed \$600 million expansion project, the program also includes Civic Plaza operating revenue funds for essential maintenance or improvements that may be required while the planned expansion progresses.

2001 bonds are planned to refurbish Symphony Hall, including infrastructure, public and backstage areas, operating systems and roofing. General funds are planned to construct improvements to the Patriots' Square Garage.

Economic Development

The \$71.9 million Economic Development program is funded with Community Reinvestment funds, Sports Facilities funds, lease-purchase financing and 2001 bonds.

Community Reinvestment funds are planned for business redevelopment projects in the downtown area and art enhancements at Sky Harbor Center. 2001 bonds are planned to acquire land for central city residential development projects and to construct infrastructure for central city redevelopment projects. Finally, lease-purchase financing is included for the Phoenix Union High School property acquisition and for participation in the Translational Genomics Institute (TGEN) and International Genomics Consortium (IGC) projects.



The center runway at Sky Harbor International Airport was converted from asphalt to concrete in early 2003. Unlike the old asphalt surface, which required major repairs every 7-10 years, the new 18-inch thick concrete surface will require major repairs only every 20-30 years. This will result in less spending on maintenance, less construction-related air emissions and fewer delays for travelers.

Energy Conservation

The \$7.5 million Energy Conservation program is funded with General, Civic Plaza, Wastewater and Water operating funds. This program includes projects to continue the City's energy conservation and cost reduction efforts at various City facilities.

The City's Energy Conservation program has been in place for more than twenty years. Through the program's efforts in addressing energy efficient retrofits, energy efficient design and management, metering for efficient operations, and implementation of new technology, the annual cost savings average \$250,000.

Facilities Management

The Facilities Management program totals \$40.8 million and is funded with 2001 bonds, General funds, and lease-purchase financing. The following projects are planned for 2001 bond funding.

- Renovation of the Glenrosa Service Center
- Construction of accessibility improvements at existing service centers
- Conceptual design of citizen service centers
- Acquisition of land for new South, Southwest and Far North Citizen Service Centers
- Construction of neighborhood resource centers
- Retrofit of existing and construction of new compressed natural gas fueling sites

Also provided from 2001 bonds is funding for environmental clean-up at various City project sites including a Neighborhood Services project at 24th Street and Southern Avenue.

Projects planned for General funding include remediation of contaminated soil from leaking underground storage tanks; expansion and paving at the Union Hills Service Center; new administration building and related expenses at Central Service Center; material bins, EMD breakroom, repair canopy at Glenrosa Service Center; paving at Okemah Service Center; and paving at the Salt River Service Center. Storage buildings at Union Hills, Central and Okemah Service Centers and canopies at Okemah are also included in the program. Lease-purchase financing is included for Adam's Street Garage tenant improvements. Completion of the driving training academy is funded from industrial insurance savings.



In November 2001, Phoenix voters approved spending \$300 million in city funds to expand the Phoenix Civic Plaza from the current 221,000 square feet to 710,000 square feet.

Fire Protection

The \$56.4 million Fire Protection program is funded with 2001 bonds and General funds. The following fire stations are planned for 2001 bond funding.

New Fire Station Construction

- Station 32 at 40th Street and Baseline Road
- Station 50 at 35th Avenue and Beardsley Road
- Station 54 at 107th Avenue and Camelback Road
- Station 56 at I-17 Freeway and Carefree Highway
- Station 57 at 15th Avenue and Dobbins Road

New Infill Fire Station Construction

- Station 60 at 19th Avenue and Dunlap Avenue
- Station 61 at 16th Street and Indian School Road
- Station 62 at 19th Avenue and Bethany Home Road

Replacement Fire Station Construction

- Station 45 at Beardsley Road and 24th Street

Land Acquisition for Planned New Fire Stations

- Station 55 at I-17 Freeway and Jomax Road
- Station 63 at 7th Street and Thunderbird Road
- Station 64 at 51st Avenue and Osborn Road

The following firefighter training and technology projects are also programmed for 2001 bond funding.

- Acquisition of firefighter safety equipment
- Construction of a driver safety education facility
- Expansion of the Fire Training Academy and acquisition of firefighter training technology
- Installation of additional traffic signal preemption
- Upgrade of the computer-aided dispatch system
- Land acquisition for a future Fire Operations Center expansion

General funds are programmed to acquire multi-agency computer-aided dispatch equipment. Revenue from participating entities will fund their portion of the project.



Fire Station 43 located at 40th Street and Chandler Boulevard opened in February 2003. The new station is one of nine scheduled for construction in the 2003-2008 Capital Improvement Program.

Freeway Mitigation

The Freeway Mitigation program totals \$11.3 million. This program is funded with 1988 and 2001 bonds.

The Freeway Mitigation program provides for the development of freeway corridor improvements to buffer the impact of existing and new limited-access roadways in the city's neighborhoods. Improvements are programmed in the Squaw Peak Parkway, Outer Loop, South Mountain Loop, Papago/Red Mountain Freeway and Black Canyon/Maricopa Freeway corridors. Costs of advancing an Arizona Department of Transportation project to install rubberized asphalt on freeways within the City are also included.

Historic Preservation

The Historic Preservation program totals \$7 million and is funded with 1989 Historic Preservation and 2001 bonds. The following projects are planned for 2001 bond funding.

- Construction of historic preservation demonstration projects
- Construction of city-owned historic preservation demonstration projects
- Preservation of Tovrea Castle
- Assistance to preserve the exteriors of historic homes

HOPE

The HOPE VI grant project is programmed for \$28.5 million. The HOPE VI project will reconstruct the public housing units at Matthew Henson and revitalize the surrounding neighborhood. The project will establish a mixed-use, mixed-income development and will create incentives to attract additional investment to the area through public/private partnership.



The Historic Preservation program totals \$7 million which includes assistance to preserve the exteriors of historic homes.



Housing

The Housing program totals \$70.2 million and is funded with Community Development Block Grant (CDBG) funds, Federal grant funds and 1988 and 2001 bonds.

The Housing program provides for the purchase and modernization of housing units for low-income families throughout the city. The following projects are planned for 2001 bond funding.

- Modernization of Foothills Village
- Acquisition and renovation of multi-family affordable housing
- Acquisition and renovation of affordable housing for seniors

Grant-funded modernization projects are planned based on the availability of these funds. Federal funds planned to acquire new scattered-site homes (approximately \$1 million per year) include proceeds from sales of existing scattered-site homes. City Council approved allocations of Community Development Block Grant funds are also programmed.

Human Services

The \$26 million Human Services program is funded with 2001 bonds. This program provides for construction of the North Family Service Center, the South Family Service Center and the Regional Homeless Shelter. It also provides for relocation of the Squaw Peak, Ahwatukee/Pecos, Westside, and Shadow Mountain senior centers.

Information Technology

The \$68.1 million Information Technology program is funded with 1988 and 2001 bonds, Water and Wastewater revenues, Solid Waste Disposal revenues, Aviation revenues, Civic Plaza operating funds, Arizona Highway User Revenue and lease-purchase funds. Projects planned for 2001 bond funding include the following.

- Replacement of the public safety and public service radio system with the Phoenix Regional Wireless Network project
- Implementation and improvement of e-commerce
- Acquisition of information system management and security software and hardware
- Improvement of data communications infrastructure
- Stabilization of the telephone system
- Enhancement of the Geographic Information System

Ongoing activity in systems security, enterprise project management, and Web page development is planned for remaining 1988 bonds. Other funding sources are planned for enterprise departments' and other agencies' contributions to the Phoenix Regional Wireless Network project.

Libraries

The Libraries program totals \$34.2 million and is funded with General funds, development impact fees and 2001 bonds. Projects for 2001 bond funding include the following.

- Construction of the Chavez Regional Branch Library
- Construction of the Desert View Northeast Branch Library
- Acquisition of land for and design of the West Ahwatukee Branch Library
- Acquisition of land for and design of the South Mountain (Southeast) Branch Library
- Acquisition of land only for the North Gateway, Desert View and Harmon Libraries
- Construction of the Adobe Mountain Regional Branch Library
- Construction of the Palo Verde Replacement Branch Library

General funds are planned to construct minor improvements to various branch libraries. Development impact fees are planned to acquire sites for new libraries in the Ahwatukee Foothills, Deer Valley and Estrella areas.

Neighborhood Services

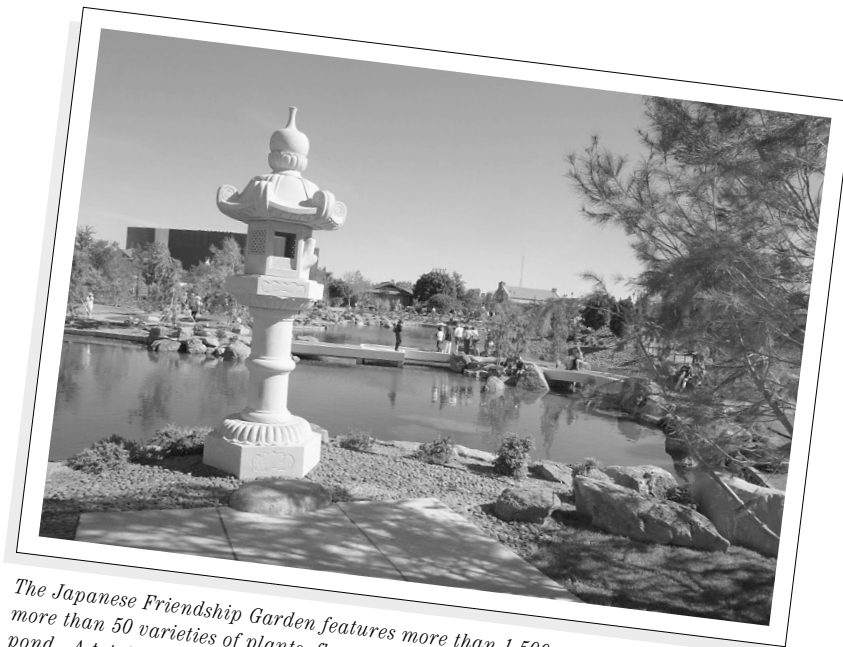
The Neighborhood Services program totals \$32.9 million and is funded with General funds, Industrial Development Authority (IDA) loan proceeds, Community Development Block Grant (CDBG) funds, lease purchase funds and 2001 bonds. This program reflects a reduction of \$230,000 in General Funds used in the capital redevelopment program which will result in six to eight fewer projects being completed in FY2003-04. 2001 Bond funds are planned to construct neighborhood infrastructure and to eliminate blight and revitalize neighborhoods. General funds, lease-purchase funds, CDBG funds and IDA loan proceeds are planned for infill projects and CDBG funds are planned for blight elimination projects.

Parks, Recreation and Mountain Preserves


The Parks and Recreation program totals \$294.7 million and is funded with remaining 1988 bonds, 2001 bonds, Parks Monopole Sites revenue, lease purchase funds, development impact fees and Parks and Preserves Initiative funds. The program provides for acquisition of new park sites, development of new and existing parks and development of specialty areas.

The following major projects are included in 2001 Bond-funded improvements.

- Acquisition of land in the Ahwatukee Foothills area
- Acquisition of park sites citywide
- Acquisition of land for the Sonoran Desert Preserve
- Construction of the Maryvale Recreation Center
- Construction of improvements at Camp Colley
- Construction of Japanese Garden improvements
- Restoration of Rio Salado habitat
- Installation of youth sports lighting citywide
- Renovation of parks citywide
- Renovation of aquatics facilities citywide
- Renovation of Boys' and Girls' Club facilities citywide
- Renovation of Memorial Hall at Steele Indian School Park
- Renovation of the Phoenix Center for Community Arts




The Japanese Friendship Garden features more than 1,500 tons of handpicked rock, more than 50 varieties of plants, flowing streams, a scenic waterfall and a Koi pond. A total of \$3.8 million approved in the 1988 and 2001 bond elections funded design and construction.



Parks and Preserves projects include eight regional parks, improvements to community and neighborhood parks and land acquisition for the Sonoran Preserve. Remaining 1988 bonds are planned for acquisition of a new park site. Development impact fees are planned to acquire park sites in the Ahwatukee, Deer Valley, Desert View, Estrella and Laveen areas. Parks Monopole Sites revenue is planned to add amenities to parks with monopole sites.

The program also reflects the reduction of General Purpose Funds for sport field lighting.

Police Protection



The Police Protection program totals \$94.1 million. This program is funded with 2001 bonds and Police Lease Purchase (MEGA V) funds.

The following projects are planned for 2001 bond funding.

- Acquisition of a twin-engine helicopter (to be shared by the Police and Fire departments).
- Acquisition of land for a new facility for the Family Advocacy Center.
- Design improvements to the police firing range and construct improvements to the police driving track.
- Acquire land, design and construct new neighborhood police stations at 35th Avenue and Pinnacle Peak Road, Seventh and Peoria Avenues, and Ahwatukee Foothills.
- Acquisition of a mobile activity command vehicle.
- Renovation of Phoenix Police Headquarters.

- Renovation of Police Department facilities.
- Acquire land, design, construct and equip a new crime lab.
- Acquisition of an in-car video system for police vehicles.
- Acquisition of police surveillance, PACE imaging and COPLINK equipment.
- Upgrade police computer-aided dispatch equipment and replace police mobile data terminals.
- Acquisition of land for new police precincts and new neighborhood police stations.

Public Transit

The \$913.5 million Public Transit program is funded with Transit 2000 revenue, federal grants, state of Arizona grants and Lease Purchase funds.

Phoenix voters approved Transit 2000, a 0.4 percent sales tax, on March 14, 2000 to fund extensive improvements to the city's public transit system. Projects planned in the Public Transit program with these revenues include bus acquisition, new passenger facilities and improvements to bus stops and shelters, upgrades to maintenance facilities, bus pullouts, and rapid transit and rail planning.

Federal and state grant funds are planned to purchase buses, construct passenger facility improvements and upgrade maintenance facilities.

Solid Waste Disposal

The \$10.3.4 million Solid Waste Disposal program includes projects at the City's landfills and is funded with Solid Waste Disposal revenue, Solid Waste Remediation funds, bonds and lease-purchase funds.

Projects at the Skunk Creek Landfill include methane gas extraction systems, landscaping and lining. Improvements to the 19th Avenue Landfill include landscaping, final capping and a methane gas collection system. Projects at the 27th Avenue Landfill include transfer station hopper and floor repairs, and landscaping. In addition, the Solid Waste Disposal program includes siting and cell excavation for a new landfill, and development of the North Transfer Station.

Storm Sewers

The Storm Sewers program totals \$82.8 million and is funded with 1988 and 2001 bonds, Capital Construction Funds, and participation by other agencies. This program is scheduled to coordinate with the Major Street Construction Program and provides for construction of storm sewer lines, detention basins and other facilities to control flooding. Storm drainage construction for 2001 bond funding includes the following projects.

- Seventh Street, Pima Freeway to Deer Valley Road storm drain
- 19th Avenue, Deer Valley Road to Pinnacle Peak Road storm drain
- 19th Avenue, Pinnacle Peak Road to Happy Valley Road storm drain
- 28th Street, Red Mountain Freeway to Thomas Road storm drain
- 35th Avenue, Broadway Road to the Salt River storm drain
- 51st Avenue, Dobbins Road to Southern Avenue storm drain
- 51st Avenue, Southern Avenue to the Salt River storm drain
- 75th Avenue, Salt River to Papago Freeway storm drain
- Deer Valley Road, 16th to 20th streets storm drain
- Tatum Boulevard, Pinnacle Peak to Jomax Road storm drain
- 24th Avenue and Camelback Road detention basin
- 26th Avenue and Verde Lane detention basin
- Bethany Home Road Outfall Channel

In addition, 2001 bond funds are planned to construct local drainage improvements, to provide floodplain survey assistance and to rehabilitate existing storm drains. Remaining 1988 bonds are planned to assist the funding of the Tatum Boulevard, Pinnacle Peak to Jomax Road storm drain, and for storm drains at 44th Street, Greenway to Bell roads and Deer Valley Road, Seventh Avenue to Seventh Street.

Major Streets and Bridges

The \$282.6 Major Street program is funded with Arizona Highway User Revenue, Capital Construction funds, 2001 bonds, development impact fees, and participation by other agencies. This program provides for construction of 31.7 miles of major streets over the next five years, including six miles of major street construction in 2003-04. This program agrees with the approved five-year Major Street program. Major street construction for 2001 bond funding includes the following projects.

- Seventh Street, Pima Freeway to Deer Valley Road
- 19th Avenue, Deer Valley to Pinnacle Peak roads
- 19th Avenue, Pinnacle Peak to Happy Valley roads
- 35th Avenue, Deer Valley to Pinnacle Peak roads
- 75th Avenue, Buckeye Road to Van Buren Street
- 75th Avenue, Van Buren Street to Papago Freeway
- Deer Valley Road, Seventh Street to Cave Creek Road and Seventh Avenue to Seventh Street

- Tatum Boulevard, Pinnacle Peak to Happy Valley roads
- 64th Street Traffic Interchange at Pima Freeway
- Central City South Infrastructure Improvements
- 35th Avenue Bridge at Salt River
- 40th Street Bridge at Indian Bend Wash
- Parkway A Bridge at the Central Arizona Project Canal
- Happy Valley Road, 35th Avenue to I-17 Freeway

In addition, 2001 bond funds are planned to construct street infrastructure as needs are identified (Phoenix Infrastructure Bank), to expand the Street Transportation Design and Construction Management Facility and to design and acquire right-of-way for the East-West Parkway in the Sonoran Desert Preserve. Development impact fees are planned for street improvements in the Laveen area.



Other Street Improvements

The Other Streets program totals \$178.9 million and is funded with Arizona Highway User Revenue, Capital Construction funds and participation from other agencies.

The Other Streets program includes funds for local paving projects, mid-block streetlights, bikeways, residential street resurfacing, major street overlay, major street micro seal, sidewalk ramps and transit-related projects. The program also includes the annual Portland Cement Concrete Repair program and Slurry Seal program.

Capital Construction funds are also included for dust control to stabilize dirt shoulders and alleys.

Traffic Improvements

The Traffic Improvements program totals \$64.7 million and is funded with Arizona Highway User Revenue, Capital Construction funds and participation by other agencies. This program includes bottleneck removal projects, upgrade of the traffic signal system, new warranted traffic signals and left turn arrows.

Capital Construction funds are included in the program for traffic safety and traffic calming projects. Funds will be allocated to specific traffic improvement projects as needs are identified.

Wastewater

The Wastewater program totals \$513.1 million and is funded with wastewater operating revenue, wastewater nonprofit corporation bonds, federal aid and other cities' participation in the 91st Avenue Wastewater Treatment Plant joint venture. Major projects programmed at the 91st Avenue Wastewater Treatment Plant include support system upgrades, odor control facilities, electrical system upgrades, new thickening facilities, multi-phase sludge digestion, instrumentation and control improvements, chlorine piping replacement, metering improvements and unified plant expansion.

Rehabilitation of critical sections of the Salt River Outfall interceptor sewer owned by SROG cities.

Other major Wastewater projects include the following:

- Construction of a reuse/river restoration project at Tres Rios, including 100-year flood
- Protection for the local area west of the 91st Avenue Wastewater Treatment Plant
- Construction of a secondary effluent pump station to provide effluent to the Tres Rios wetlands
- Construction of replacement sewers influent to 23rd Avenue Wastewater Treatment Plant to increase cleansing velocities and capacity
- Replacement of chlorine piping at the 23rd Avenue Wastewater Treatment Plant
- Repair and replacement of equipment at the 23rd Avenue Wastewater Treatment Plant
- Security improvements at the 23rd Avenue Wastewater Treatment Plant
- Construct parallel sections of the Broadway Sewer from 32nd Street to 51st Avenue to provide needed additional capacity
- Rehabilitation of selected sewers of various sizes and materials located throughout the city

Water


The \$757.7 million Water program is funded with water operating revenue, water nonprofit corporation bonds, capital reserve funds and City of Mesa participation in the Val Vista Water Treatment Plant joint venture.

In addition to water line construction, major projects programmed include the following.

- Construction of new wells and rehabilitation of existing wells
- Construction of new reservoirs and rehabilitation of existing reservoirs
- Construction of new booster stations
- Rehabilitation of steel tanks
- Construction of facilities to reduce groundwater arsenic levels
- Construction of the new Supervisory Control and Data Acquisition System (SCADA) control center
- Expansion of the Cave Creek Water Reclamation Plant in northeast Phoenix
- Construction of the North Gateway Water Reclamation Plant
- Rehabilitation of the Deer Valley, Squaw Peak, Val Vista and Union Hills Water Treatment plants
- Automation improvements and chemical facilities upgrades at the Deer Valley, Squaw Peak, Val Vista and Union Hills Water Treatment plants
- Sedimentation basin construction at the Union Hills Water Treatment Plant
- Construction of the Lake Pleasant Water Treatment Plant
- Construction of a new water distribution maintenance yard
- Construction of new projects to comply with the Safe Drinking Water Act
- Construction of new mains in growth areas
- Construction of Gateway Water System improvements
- Automation of water system records and maintenance schedules
- Upgrades to the water security system and monitoring of water quality
- Acquisition of additional water resources



OPERATING COSTS FOR NEW CAPITAL FACILITIES



On March 13, 2001, Phoenix voters approved a \$753.9 million bond program, as recommended by the Citizens' Bond Committee. The 2001 Bond Program included a careful analysis of the impact of operating costs on the General Fund. As part of that analysis, the 2001 Bond Committee recommended that \$7 million be shifted from secondary property taxes (used for the payment of debt service) to primary property taxes (a General Fund revenue source) in fiscal year 2003-04. An additional \$3 million shift from secondary property taxes to primary property taxes would be necessary in 2004-05. This shift would then remain in place at no more than the combined \$10 million per year. The combined property tax rate would remain at the current \$1.82.

New operating costs for the 2003-04 fiscal year were originally estimated at \$9.5 million. This year, at the Mayor and City Council's request, the annual May review of the 2001 Bond programming was advanced to January. This early review allowed the Bond Committee to delay projects scheduled for next year that would result in General Fund operating costs. Land acquisition, design and non-operating cost projects were advanced with the overall bond program remaining a five-year program. The Bond Committee's recommended changes reduced General Fund operating costs for 2003-04 to \$3.6 million.

Based on the Bond Committee's approved scheduling deferrals, future General Fund operating cost requirements are now increased to \$10.8 million in 2004-05 and \$10.6 million in 2005-06. These costs are expected to coincide with an improving local economy. If the economy does not improve as expected, further project scheduling changes would be necessary.

The following schedule provides details of the \$4.5 million operating and maintenance costs required in the 2003-04 budget, along with the full-year's impact of ongoing operating and maintenance costs for the 2004-05 fiscal year.

OPERATING COSTS FOR NEW CAPITAL FACILITIES

	2003-04	2004-05
Fire		
800 MHz Replacement Project	\$ 391,000	\$ 399,000
Information Technology		
800 MHz	1,570,000 *	2,098,000*
System Management	80,000	299,000
Parks and Recreation		
Pecos Park Pool	295,000	305,000
Pecos Park Maintenance and Recreation	527,000	615,000
Palomino Park/School Project	56,000	63,000
Mountain View Park/School Project	37,000	64,000
Laveen Area Basin	45,000	111,000
Rio Salado Maintenance and Facility Operation	238,000	245,000
New Street Maintenance	39,000	40,000
Police		
800 MHz Replacement Project	309,000	318,000
Water Services		
Tramonto Additional Boosters	433,000	433,000
Chlorine Facility Upgrades	47,000	95,000
South Mountain 50 MGD Boosters	35,000	71,000
Wastewater Services		
Cave Creek Water Reclamation Facility	182,000	177,000
Various Life Stations	20,000	20,000
23rd Avenue Headworks Upgrade	113,000	135,000
23rd Avenue Odor Facility	5,000	5,000
91st Avenue WAS Thickening Facilities	89,000	89,000
91st Avenue Blower Building #4	28,000	28,000
Net Total Costs	\$4,539,000	\$5,610,000
Source of Funds		
General Purpose	3,587,000	4,557,000**
Water	515,000	599,000
Wastewater	437,000	454,000
Total Source of Funds	\$4,539,000	\$5,610,000

*This cost is net of additional revenues received from participating cities and charges to enterprise and special revenue funds.

**Does not include \$10.8 million in operating costs associated with facilities opening in the 2004-05 fiscal year.

SUMMARY OF 2003-08 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

Program	2003-04	2004-05	2005-06	2006-07	2007-08	5-Year Total
Arts and Cultural Facilities	\$ 30,548	\$ 721	\$ 797	\$ —	\$ —	\$32,066
Aviation	611,208	158,388	13,916	5,145	5,045	793,702
Civic Plaza	179,991	56,382	329,880	18,980	15,770	601,003
Economic Development	65,389	4,415	1,063	1,050	—	71,917
Energy Conservation	1,502	1,638	1,450	1,450	1,450	7,490
Facilities Management	15,889	9,874	6,963	3,750	4,350	40,826
Fire Protection	16,276	20,683	19,471	—	—	56,430
Freeway Mitigation	6,836	2,677	1,816	30	—	11,359
Historic Preservation	2,980	1,780	1,880	180	146	6,966
HOPE	7,787	7,297	6,650	6,750	—	28,484
Housing	25,536	15,204	14,943	7,837	6,655	70,175
Human Services	7,475	8,600	9,900	—	—	25,975
Information Technology	62,338	3,525	2,200	—	—	68,063
Libraries	16,608	6,455	6,218	4,757	200	34,238
Neighborhood Services	22,795	5,033	3,708	670	670	32,876
Parks, Recreation and Mountain Preserves	132,802	49,350	54,302	36,149	22,060	294,663
Police Protection	30,202	36,800	27,100	—	—	94,102
Public Transit	271,547	213,045	257,334	142,847	28,704	913,477
Solid Waste Disposal	76,443	14,922	4,883	3,440	3,730	103,418
Storm Sewers	41,052	20,194	16,464	3,583	1,500	82,793
Streets - Major Streets	92,979	57,843	61,915	37,575	32,291	282,603
Streets - Other Streets	47,569	34,658	32,760	31,542	32,363	178,892
Streets - Traffic Improvements	17,753	10,922	13,658	10,325	12,047	64,705
Wastewater	117,039	78,957	77,177	106,405	133,586	513,164
Water	155,444	332,998	156,681	56,844	55,719	757,686
Total	\$2,055,988	\$1,152,361	\$1,123,129	\$479,309	\$356,286	\$5,167,073

**SUMMARY OF 2003-08 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)**

Source of Funds	2003-04	2004-05	2005-06	2006-07	2007-08	5-Year Total
General Purpose Fund	\$ 3,493	\$ 4,002	\$ 3,658	\$ 4,980	\$ 5,570	\$ 21,703
Parks and Preserves	42,402	30,820	38,657	36,149	22,060	170,088
Transit 2000	67,896	18,437	143,221	126,819	12,975	369,348
Development Services	24	—	—	—	—	24
Capital Construction	33,720	19,914	20,455	20,993	21,814	116,896
Sports Facilities	2,567	—	—	—	—	2,567
Parks Monopole Revenue	170	120	—	—	—	290
Arizona Highway Users	83,060	54,465	54,310	55,170	54,077	301,082
Community Reinvestment	3,735	1,050	1,050	1,050	—	6,885
Enterprise Funds:						
Aviation	30,030	10,145	4,345	45	45	44,610
Civic Plaza	3,625	2,908	3,060	3,200	3,200	15,993
Solid Waste	5,565	2,260	2,250	2,500	2,750	15,325
Wastewater	22,976	21,051	22,745	22,770	22,794	112,336
Water	52,389	50,055	50,055	49,977	49,977	252,453
Community Development Block Grants (CDBG)	1,967	600	600	600	600	4,367
HOPE Grant	7,786	7,297	6,650	6,750	—	28,483
Federal and State Grants	1,446	—	—	—	—	1,446
Total Operating Funds	\$ 362,851	\$ 223,124	\$ 351,056	\$331,003	\$195,862	\$1,463,896
Property Tax Supported:						
1988 Various Purpose	\$ 10,489	\$ 1,077	\$ 816	—	—	\$ 12,382
1989 Historic Preservation	564	164	164	164	130	1,186
2001 Various Purpose	280,545	160,264	145,591	6,986	316	593,702
Nonprofit Corporation Bonds:						
Aviation	264,272	83,700	9,300	5,100	5,000	367,372
Civic Plaza	175,658	43,260	320,520	15,970	12,770	568,178
Wastewater	57,822	40,153	41,085	55,402	79,183	273,645
Water	102,047	280,931	105,632	6,825	5,700	501,135
Total Bond Funds	\$ 891,397	\$ 609,549	\$ 623,108	\$ 90,447	\$103,099	\$2,317,600
Development Impact Fees	\$ 40,276	\$ 5,064	\$ 3,856	\$ 2,200	\$ 1,500	\$ 52,896
Lease Purchase	329,330	208,228	111,622	—	—	649,180
Passenger Facility Charge	277,443	1,400	271	—	—	279,114
Other Cities' Share -						
SROG and Val Vista	39,722	19,916	14,842	28,775	32,151	135,406
Public Safety/Service Radio System and Other	4,081	—	—	—	—	4,081
Solid Waste Remediation	4,474	784	1,073	940	980	8,251
Capital Grants	80,046	78,287	12,593	21,665	20,184	212,775
Federal, State and Other Participation	18,818	6,009	4,708	4,279	2,510	36,324
Capital Reserves	7,550	—	—	—	—	7,550
Total Other Financing	\$ 801,740	\$ 319,688	\$ 148,965	\$ 57,859	\$ 57,325	\$1,385,577
TOTAL	\$2,055,988	\$1,152,361	\$1,123,129	\$479,309	\$356,286	\$5,167,073

2003-04 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	Total Program	Pay-As- You-Go Operating	1988 Bonds	1989 Bonds	2001 Bonds	Nonprofit Corporation Resources	Other Capital Sources
Arts and Cultural Facilities	\$30,548	—	—	—	\$30,548	—	—
Aviation	611,208	27,549	—	—	—	264,272	319,387
Civic Plaza	179,991	2,813	—	—	1,500	175,658	20
Economic Development	65,389	6,435	—	—	6,564	—	52,390
Energy Conservation	1,502	1,322	—	—	—	—	180
Facilities Management	15,889	2,570	—	—	6,452	—	6,867
Fire Protection	16,276	—	564	—	10,593	—	5,119
Freeway Mitigation	6,836	—	1,542	—	5,294	—	—
Historic Preservation	2,980	—	—	564	2,416	—	—
HOPE	7,787	7,787	—	—	—	—	—
Housing	25,536	200	—	—	12,147	—	13,189
Human Services	7,475	—	—	—	6,996	—	479
Information Technology	62,338	10,911	230	—	46,512	—	4,685
Libraries	16,608	200	5	—	13,259	—	3,144
Neighborhood Services	22,795	2,432	—	—	18,183	—	2,180
Parks, Recreation and Mountain Preserves	132,802	43,077	1,495	—	46,480	200	41,550
Police Protection	30,202	—	675	—	24,121	—	5,406
Public Transit	271,547	71,477	—	—	—	—	200,070
Solid Waste Disposal	76,443	3,929	—	—	—	25	72,489
Storm Sewers	41,052	3,900	5,977	—	22,945	—	8,230
Streets - Major Streets	92,979	49,060	—	—	26,387	—	17,532
Streets - Other Streets	47,569	42,304	—	—	149	—	5,116
Streets - Traffic Improvements	17,753	15,749	—	—	—	—	2,004
Wastewater	117,039	21,371	—	—	—	57,822	37,846
Water	155,444	49,765	—	—	—	101,822	3,857
Total	\$2,055,988	\$362,851	\$10,488	\$564	\$280,546	\$599,799	\$801,740

RESOURCES AND EXPENDITURES BY CAPITAL FUND
2003-04 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	RESOURCES			EXPENDITURES		FUND BALANCES		
	Beginning Balance	Projected Revenue (*)	Total	Estimated Expenditures	Ending Fund Balances	Available For Sale	Funds Available Beyond 6/04	
Capital Fund								
Bond and Related Funds								
1988 Affordable Housing & Service Facilities	\$ (88)	\$ 88	\$ —	\$ —	\$ —	\$ —	\$ —	
2001 Affordable Housing & Homeless Shelter	(6,454)	—	(6,454)	12,147	(18,601)	38,731	20,130	
1988 Criminal Justice & Productivity Improvements	257	—	257	230	27	—	27	
2001 Educational, Youth & Cultural Facilities	(3,642)	—	(3,642)	32,008	(35,650)	58,977	23,327	
2001 Environmental Improvement & Cleanup	(25)	—	(25)	10,556	(10,581)	19,493	8,912	
1984 & 1988 Fire Protection, Criminal Justice & Municipal Center	489	744	1,233	564	669	—	669	
2001 Fire Protection Facilities & Equipment	(2,068)	—	(2,068)	10,393	(12,461)	58,490	46,029	
1988 Freeway Mitigation, Neighborhood Stabilization & Slum & Blight Elimination	143	—	143	1,542	(1,399)	3,300	1,901	
1989 Historic Preservation	1,186	—	1,186	564	622	—	622	
1988 Libraries	6	—	6	5	1	—	1	
2001 New & Improved Libraries	(2,434)	—	(2,434)	13,244	(15,678)	32,298	16,620	
2001 Neighborhood Protection & Senior Centers	(10,994)	—	(10,994)	31,055	(42,049)	66,847	24,798	
2001 Parks, Open Space & Recreation	(13,331)	—	(13,331)	39,212	(52,543)	71,492	18,949	
1988 Parks, Recreation & Mountain Preserve	2,065	—	2,065	1,495	570	—	570	
1988 Police Protection	(283)	—	(283)	675	(958)	980	22	
2001 Police Protection Facilities & Equipment	(251)	—	(251)	20,167	(20,418)	75,289	54,871	
2001 Police, Fire & Computer Technology	(966)	—	(966)	52,261	(53,227)	73,474	20,247	
2001 Preserving Phoenix Heritage	(5,495)	500	(4,995)	5,048	(10,043)	10,304	261	
1988 Solid Waste	(12)	12	—	—	—	—	—	
1988 Storm Sewers	4,234	—	4,234	5,977	(1,743)	1,987	244	
2001 Storm Sewers	(2,258)	—	(2,258)	22,945	(25,203)	61,456	36,253	
2001 Street Improvements	(9,964)	—	(9,964)	31,510	(41,474)	89,494	48,020	
1984 Other Streets	(139)	—	(139)	—	(139)	1,110	971	
Various Aviation Bonds	152,969	—	152,969	264,272	(111,303)	710,000	598,697	
Various Civic Plaza Bonds	8,691	—	8,691	175,658	(166,967)	300,000	133,033	
Various Water Bonds	(84,275)	—	(84,275)	102,047	(186,322)	524,000	337,678	
Various Wastewater Bonds	(133,584)	—	(133,584)	57,822	(191,406)	315,000	123,594	
Other Nonprofit Bonds	252	—	252	—	252	—	252	
Other Financing								
Lease Purchase	(95,003)	—	(95,003)	329,331	(424,334)	800,700	376,366	
Capital Reserves	117,295	—	117,295	7,550	109,745	N/A	109,745	
Capital Grants	20,495	98,863	119,358	98,863	20,495	N/A	20,495	
Development Impact Fees	65,892	—	65,892	40,276	25,616	N/A	25,616	
Other Cities' Participation in Joint Ventures	—	43,803	43,803	43,803	—	N/A	—	
Proceeds - Sale of Capital Assets	21,422	—	21,422	—	21,422	N/A	21,422	
Passenger/Car Rental Facility Charges	18,840	275,871	294,711	277,443	17,268	N/A	17,268	
Responsible Party Remediation Funds	9,899	—	9,899	4,474	5,425	N/A	5,425	
TOTAL	\$52,869	\$419,881	\$472,750	\$1,693,137	\$(1,220,387)	\$3,313,422	\$2,093,035	

(*) Includes bond proceeds and funds which "pass through" bond funds such as land sales and other agency or private participation in projects plus recoveries and transfers from other funds.